

*Autumnal Variations hi
Circulation.*

YEAR.	AUG. 31.	OCT. 31.	INCKKASK IN OCTOBER.
1898	\$ 37, 299,000	\$42,543,000	\$ 5,244,000
1900	47,471.000	53,108.000	5,777. «»
1902	55,035.000	65,928.000	10,893.000
1904	60,227.000	72,226.000	11,999.000
*9-5	62,495.000	76,888.000	14,393. 000
1906	70,108.000	83,718.000	13,610.000
1907	76,563.000	84,290.000	•7 777 000
1908	70,390,000	83,037,000	12,647,000

The banking experience of Canada in recent years is a sufficient vindication against the charge that a banking currency leads to inflation. The volume of notes usually in circulation exceeds by only a small ratio sixty per cent, of the aggregate capital stock of the banks, although they are allowed to issue to the full amount of their capital. Some of the banks have occasionally touched the maximum limit and the branches have been promptly notified by telegraph when the limit has been reached. A real demand for money from such banks is met by loans to them from banks which, have not reached the limit. The contracts for these loans call for money, like other contracts, but it is understood that they shall be paid in the notes of the lending banks, so that the public get the benefit of the limit upon their combined issues and the two banks divide the profits on the circulation thus put in circulation.¹ The paid-up capital of the Canadian banks on June 30, 1908, was \$96,049,538, and notes outstanding were \$68,153,994, leaving a margin of issue unavailed of to the amount of about \$28,000,000, in addition to emergency issues.

3. The necessity of providing more fully for maintaining the notes of all the banks at par in all parts of the Dominion, which was recognized in 1890, was due not so much to any question of the solvency of the banks as to the mechanical provisions for redemption. The convenience of note-holders had already been partially provided for by mu-

¹ Root, *Canadian Bank-Note Currency*, " Sound Currency," IL, No. 2, p. 7.